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SUBJECT: GOU MAKES EARLY PAYMENT TO IMF AND GETS UNUSUALLY
WARM KUDOS FROM THE FUND

¶1. On March 30, Minister of Economy Astori and IMF's Deputy Managing Director Carstens announced that the GOU would make an early payment of its debt with the IMF (principal and interests) maturing in 2006. International markets celebrated the \$625 million operation by raising their demand for Uruguayan sovereign debt.

¶2. The GOU financed the operation, equivalent to about one-fourth of its debt, with some of the revenues from its 2005/2006 international issuances for over \$2 billion. Astori estimated that, by moving forward its due payments to the IMF, the World Bank and the Inter-American Development Bank, the GOU has so far saved as much as \$24 million in interest. He stated that the GOU is administering its debt with a three-pronged strategy: swapping debt with IFIs for sovereign debt extending its maturity and switching "expensive" for "cheap" debt.

¶3. Carstens, who traveled especially for the occasion, stated during the joint press conference that Uruguay's program with the IMF has been "extremely successful", and that the GOU "has met all of its program targets". He highly praised the GOU's economic management and made numerous positive, almost effusive remarks, such as "we are delighted to be associated with this administration's achievements". In his closing remarks, Carstens stated he wanted to "publicly congratulate the President, the Minister of the Economy, the Central Bank Governor, and their staff for their excellent job which, more than pleasing us at the IMF, I believe is pleasing the Uruguayans."

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